

Keep blocking this merger at least in its current form.

AT&T's T-Mobil Deal Could Be Affected By Election: <http://news.yahoo.com/ts-t-mobile-deal-could-affected-election-031850732.html>

NEW YORK (TheWrap.com) - The chances of an AT&T-T-Mobile merger grow dimmer by the day, but there may yet be hope on the horizon for the telecommunications giants -- next year's election.

The telecom industry has benefited from a change in administration before: In the 1990s, the Federal Communications Commission opposed SBC's acquisition of AT&T during a Democratic administration, only to later approve it under a Republican administration.

The current FCC administration has already indicated its displeasure with the proposed deal, which would unite AT&T, the country's second largest wireless communications service provider, and T-Mobile, the fourth largest.

That prompted AT&T and Deutsche Telekom, which owns T-Mobile, to remove their application.

The two companies may still file with the commission again, and the Department of Justice's antitrust lawsuit is slated for February.

While they would need the approval of both the FCC and DOJ to move forward, both of those opponents may change their tune after the election.

If Barack Obama loses to a Republican, who would then make new appointments, rest assured the regulatory environment will become more favorable.

"If the Republicans win, there is a new FCC and a Republican administration will be a lot more positive toward this merger than a democratic one," said longtime telecom analyst Roger Entner, founder of Recon Analytics.

Each Republican candidate has been outspoken about reducing the government's regulatory enforcement. The most famous example is Rick Perry calling for the abolition of the Environmental Protection Agency -- and then leaving that off his list of three, er, two departments he'd get rid of.

But each candidate has made clear that America needs to be more friendly to business. Herman Cain says America is ready for a businessman as chief executive. As Cain's candidacy continues to shoot itself in the foot, enter multimillionaire Mitt Romney.

Romney's new rival Newt Gingrich has spent the past few years as a lobbyist -- or a public advocate. Either way, he is unlikely to increase oversight of any billionaires.

Cult favorite Ron Paul is more a libertarian than a Republican, so one can only imagine how much deregulation would happen if he were elected.

In this case, the regulatory issue is that only four telecom companies dominate the U.S. market, and the acquisition would reduce that number to three. There would be two giants -- Verizon and AT&T -- and Sprint, large but much smaller than the other two.

The arrival of a Republican president doesn't mean the deal would simply pass through without a fight, but it does mean that AT&T and T-Mobile may be cleverly stalling. By withdrawing their FCC application, they not only prolong the process, but prevent some of the information about the deal's impact from getting out sooner.

Jeff Kagan, an independent tech analyst, said the situation reminded him of SBC's attempted acquisition of AT&T in the late 1990s.

At the time, Reed Hundt, the chairman of the FCC under President Bill Clinton, said such a deal was unthinkable.

In 2004, with a business-friendly Republican administration -- and AT&T weaker than it once was -- the deal got approved.

So could such a shift happen if a Republican is elected?

"That's what happened in the past," Kagan said.

The DOJ case begins in February, and that may come out in AT&T's favor. The FCC has also indicated it needs to approve the withdrawal of the application, but AT&T says it is in the right and can withdraw when it wants.

Either way, many analysts have placed the deal on its deathbed.

"I don't know if it's dead, but it's clearly on life support," said Christopher King, analyst at Stifel Nicolaus. "They have an uphill battle and, quite frankly, even if they win the lawsuit against the DOJ they still need to get FCC approval, which is likely to be even more difficult."

Yes, the FCC seems to be a major impediment.

AT&T and T-Mobile said they removed their application from the FCC to focus on their antitrust case with the Department of Justice -- and that may be true in some respects. However, when FCC Chairman Julius Genachowski said that the deal was not in the public interest back on November 22, it was clear to everyone that the FCC was against the merger.

Entner said he thinks the FCC has been particularly hostile to the deal.

"If you look at it, the FCC did the press conference on the Tuesday before Thanksgiving," Entner said. "Couldn't that have waited a week and everybody would have had a nice Thanksgiving?"

The FCC has declined to comment further, referring everyone to its comment on November 24, when it said it would consider the two companies' request that the application be withdrawn.

Kagan believes the FCC is doing the right thing because the merger would be bad for the market. But whether you think the deal is a good idea or not, most people seem to agree that this FCC has no intention of approving it.

And that's where the election comes in.

"I'm sure would prefer a different administration with a different head of the FCC and somebody to be more favorable to a merger happening," Kagan said. "But even if it's a Republican administration, it doesn't necessarily mean it's going to happen."